

From: Suggett, Gaye L <GSuggett@ameren.com>
Sent: Monday, March 04, 2019 11:14 AM
To: Coleman, Maida; Ketchum, Charlene
Cc: Hogue, Donna
Subject: ESG
Attachments: Richard McMahon - ESG presentation.pdf

Happy Monday Commissioner Coleman and Charlene,

I was telling Michael about your great panel on ESG at NARUC, and he thought you might be interested in seeing the attached presentation. This presentation was given to Ameren's Board of Directors by Richard McMahon from EEI at the February meeting. It is all public information.

How did CCIF go last week? I heard there was some great discussion. I guess New Orleans is later this month. Will you attend that one as well?

Thanks much!

Gaye Suggett, Manager Regulatory Affairs
Ameren Missouri
573-681-7202
573-690-0338

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ESG/Sustainability

Ameren Board of Directors Meeting
Thursday, February 7, 2019

Richard McMahon, Senior Vice President, EEI

ESG Discussion Topics

Why Does ESG Matter?

Key ESG Issues Facing the Industry

Actions Taken by the Industry

ESG is Relevant to Our Investors & Customers

- PwC estimates that a **\$30 trillion wealth transfer** from Baby Boomers to Generation X and Millennials will occur over the next several decades.
 - 83% of millennials believe a successful business should be measured in more than just financial performance.
 - 86% of millennials are interested in socially responsible investments (SRIs), and 90% desire sustainable investing options in their 401(k) plans.
- Investors are focused on ESG risks and have a lack confidence in ESG reporting from corporates.
 - A 2016 PwC survey shows that 63% of equity investors are interested in ESG screens to reduce portfolio risk.
 - Survey results also indicate that only 29% of investors are confident in the ESG information they receive from companies.

Sources:

PwC, <https://www.pwc.com/us/en/industries/financial-services/library/managing-millennial-money.html>.

Deloitte, <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html>.

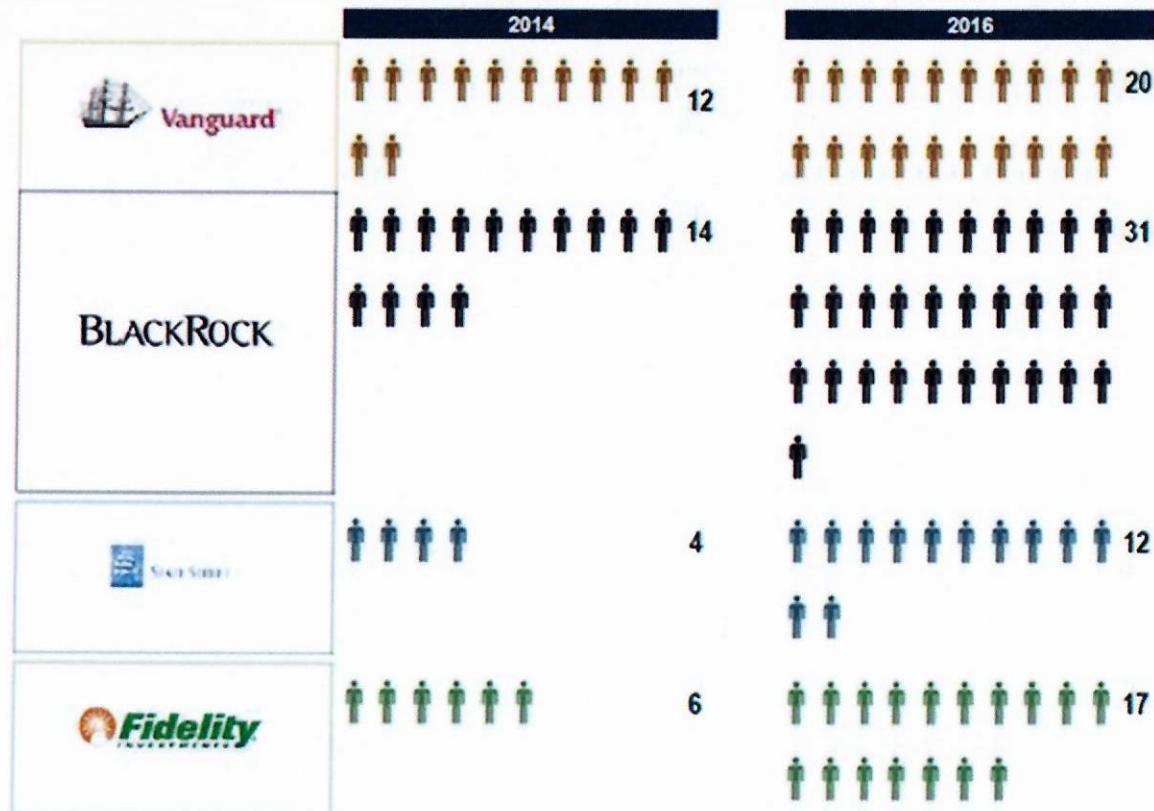
Morgan Stanley, Institute for Sustainable Investing, Sustainable Signals.

PwC, 2016 investor survey *ESG Pulse*.

Why Does ESG Matter to Investors?

- ESG factors can influence long-term strategic value
- Good governance practices are systemically important
- Investors are increasingly interested in the risks and opportunities associated with climate change

Continued Growth of ESG/Proxy Voting Teams



Source: Lazard, Shareholder websites, public information and observations.

Shareholder Letters / Documents

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ESG Evaluators

Credit Rating Agencies

- Moody's Investors Service – *General Principles for Assessing ESG Risks* (September 2018)
- S&P Global Ratings – *Proposal For ESG Evaluations* (September 2018)
- Fitch Ratings – *Approach to Capturing ESG Risk in Credit Ratings* (November 2017)
 - January 2019 – Launch of **ESG Relevance Scores** to show impact of ESG on credit ratings. The standardized scoring system is sector-based and entity-specific.

Proxy Advisory Service

- Institutional Shareholder Services (ISS), Glass, Lewis & Co, Egan-Jones Proxy Services, etc.

ESG Data Providers

- Sustainalytics, MSCI, Bloomberg, RobecoSAM, S&P Global, IHS Markit, etc.

Overview of ESG/Sustainability

Environmental

- GHG & energy use
- Air quality
- Coal ash
- Water stewardship
- Energy efficiency

Social

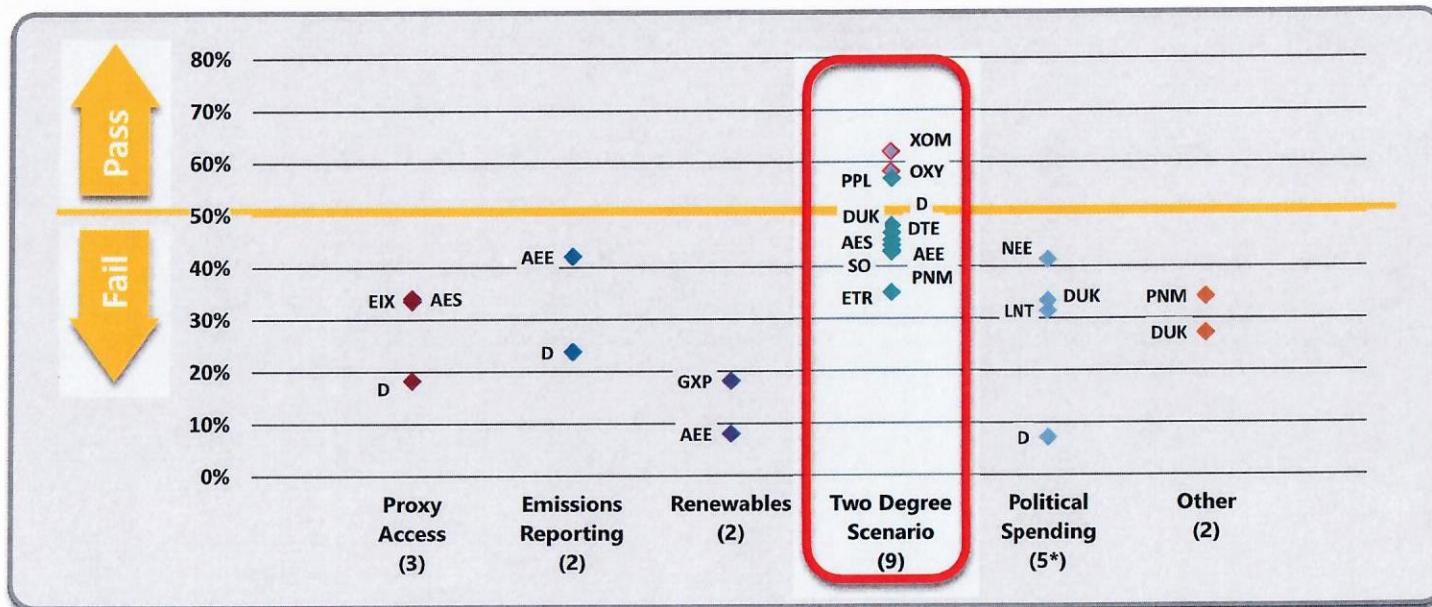
- Community impacts
- Economic contributions
- Health & Safety
- Grid reliability
- Lobbying

Governance

- Board diversity
- Board experience
- Independence
- Incentives & compensation
- Tax strategy
- Culture

Shareholder Activism

Results of Shareholder Proposals in 2017



9 of the 23 (39%) shareholder proposals were related to “Two Degree” reporting.

Despite being the first year many were introduced, the Two Degree proposals received significant votes in favor and was accepted by shareholders of one member company.

Notes:

*Only four results charted because one proposal was withdrawn prior to shareholder meeting after discussion with company.

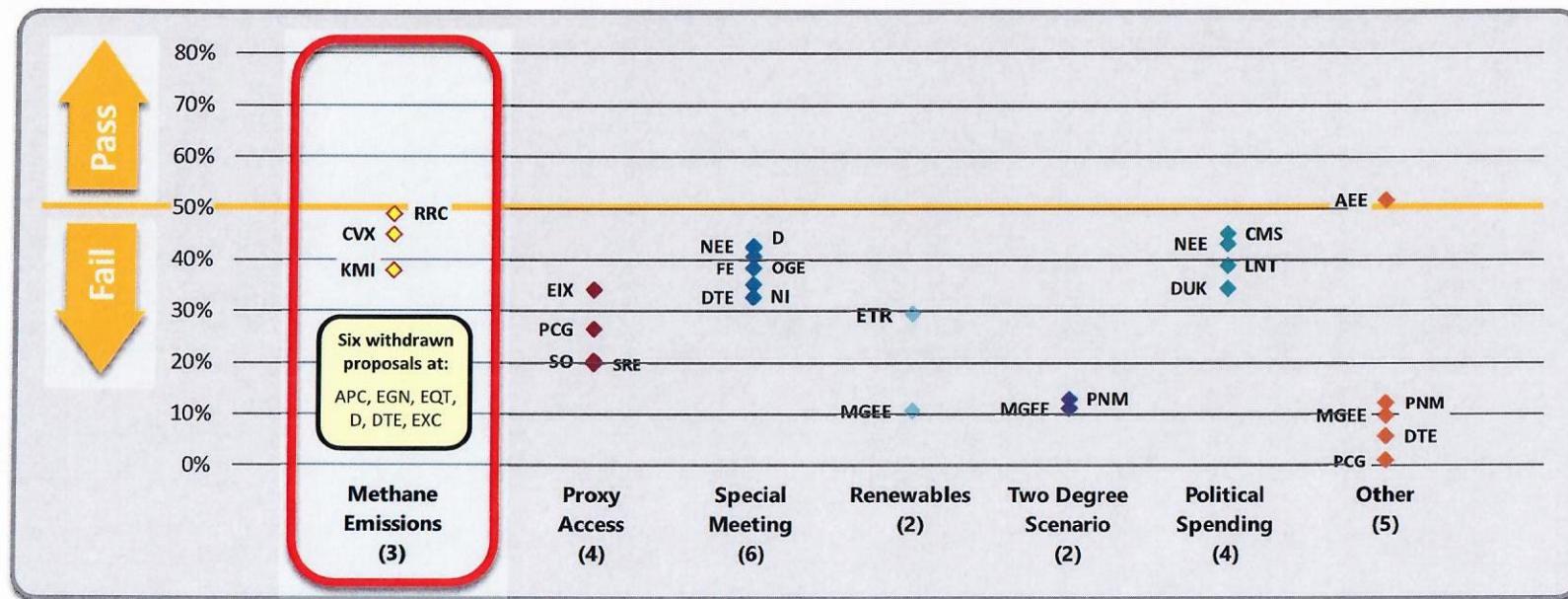
**ExxonMobil and Occidental Petroleum had Two Degree shareholder proposals pass in 2017. XOM and OXY are shown for information only and not included otherwise.

Source:

Member Company Survey, Proxy Monitor, SEC.

Shareholder Activism

Results of Shareholder Proposals in 2018



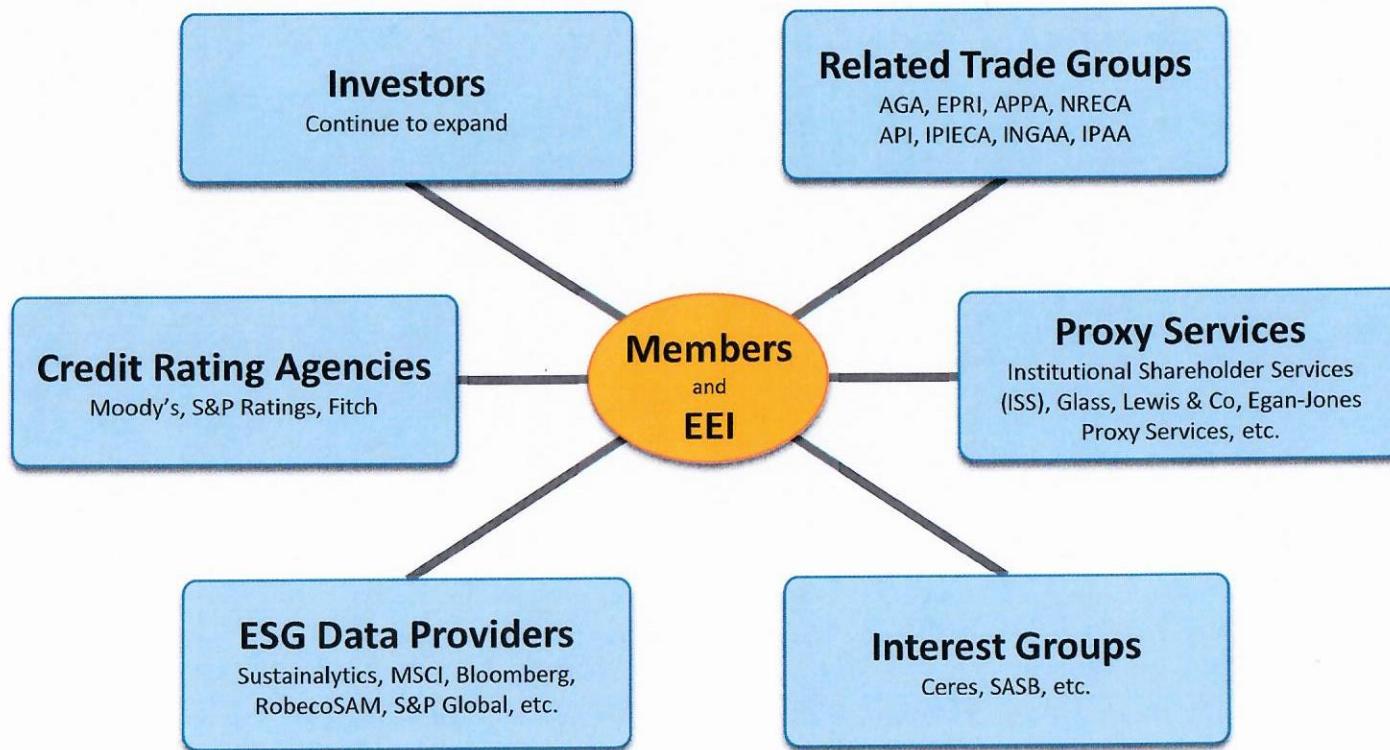
Proposals related to reporting on methane emissions include energy companies in the oil and gas sector, as well as regulated electric companies in the electric utility sector. The remaining categories in this chart include shareholder proposals at regulated electric companies only.

Note: The passing resolution at Ameren Corporation was related to reporting on coal combustion residuals (CCR) and water impacts.
 Source: EEI and 2018 company SEC filings.

Withdrawn Proxy Proposals in 2018

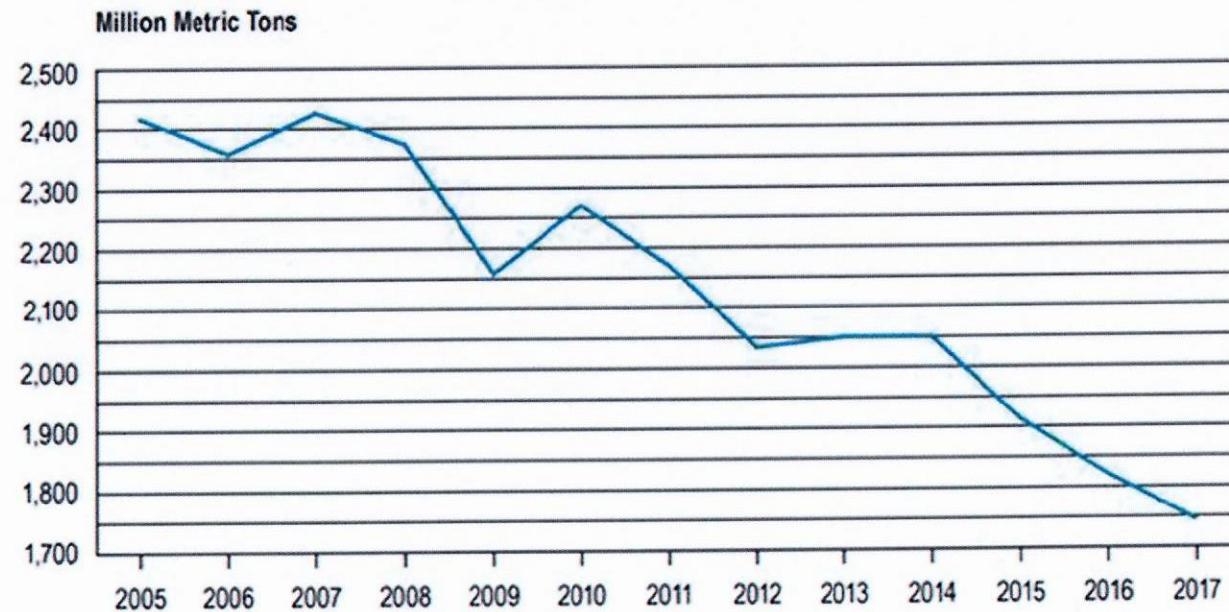
EEI Member Company	ESG Activist	Type of Proposal
AEP	New York State Comptroller	GHG Reduction Targets
AES	Mercy Investment Services	2D Scenario Analysis
AES	New York State Comptroller	GHG Reduction Targets
Ameren	Mercy Investment Services	2D Scenario Analysis
CMS Energy	Seventh Generation Interfaith	2D Scenario Analysis
ConEd	Friends Fiduciary Corporation	Report on Lobbying
Dominion Energy	As You Sow	Methane Reduction Targets
Dominion Energy	New York State Comptroller	2D Scenario Analysis
DTE Energy	As You Sow	Methane Reduction Targets
DTE Energy	New York State Comptroller	2D Scenario Analysis
Duke Energy	As You Sow	Report on Coal Risks
Duke Energy	Mercy Investment Services	Report on Lobbying
Exelon	As You Sow	Methane Reduction Targets
FirstEnergy	As You Sow	2D Scenario Analysis
FirstEnergy	The Nathan Cummings Foundation	Report on Lobbying
SCANA	Friends Fiduciary Corporation	Report on Lobbying
WEC Energy Group	Seventh Generation Interfaith	2D Scenario Analysis

Investor Engagement & Stakeholder Outreach



U.S. Power Sector Carbon Dioxide Emissions Declining

- More than 1/3 of U.S. power generation comes from zero-emissions sources
- As of 2017, industry CO₂ emissions were 28 percent below 2005 levels
- Trajectory is expected to continue based on current trends



Source: Developed from U.S. Energy Information Administration, *Monthly Energy Review*, October 2018.

EEI Member Company GHG Reduction Goals

COMPANY	GOAL	COMPANY	GOAL
AEP (February 2018)	<ul style="list-style-type: none"> • 60% below 2000 levels by 2030 • 80% below 2000 levels by 2050 	NextEra (September 2018)	<ul style="list-style-type: none"> • Reduce CO₂ emissions rate >65% below 2001 levels by 2021
AES (November 2018)	<ul style="list-style-type: none"> • Reduce carbon intensity 70% from 2016 to 2030 	NiSource (May 2017)	<ul style="list-style-type: none"> • 50% below 2005 levels by 2025 • Reduce CO₂ emissions >90% by 2028 (NIPSCO, November 2018)
Alliant (August 2018)	<ul style="list-style-type: none"> • 40% below 2005 by 2030 • 80% below 2005 by 2050 	OG&E (December 2018)	<ul style="list-style-type: none"> • 40% below 2005 levels by 2019
Ameren (September 2017)	<ul style="list-style-type: none"> • 35% below 2005 levels by 2030 • 50% below 2005 levels by 2040 • 80% below 2005 levels by 2050 	PG&E (July 2018)	<ul style="list-style-type: none"> • Reduce 1 million tons of GHGs from company operations through 2022 • 40% below 1990 levels by 2030 • 80% below 1990 levels by 2050
AVANGRID (2016)	<ul style="list-style-type: none"> • Reduce CO₂ intensity 25% below 2015 levels by 2020 • 100% carbon neutral by 2035 	Pinnacle West (2017)	<ul style="list-style-type: none"> • Reduce CO₂ emissions rate to <600 lbs./MWh by 2032
CMS Energy (February 2018)	<ul style="list-style-type: none"> • 80% below 2005 levels by 2040 	PNM Resources (April 2017)	<ul style="list-style-type: none"> • 40% below 2012 levels by 2018 • 60% below 2012 levels by 2030 • 87% below 2012 levels by 2040
Dominion (December 2018)	<ul style="list-style-type: none"> • Reduce carbon intensity 60% below 2000 levels by 2030 • Reduce methane intensity 50% below 2010 levels by 2030 • 30% below 2005 levels by the early 2020s 	Portland General Electric (February 2018)	<ul style="list-style-type: none"> • More than 80% below 2010 levels by 2050
DTE Energy (May 2017)	<ul style="list-style-type: none"> • 45% below 2005 levels by 2030 • 75% below 2005 levels by 2040 • More than 80% below 2005 levels by 2050 	PPL (January 2018)	<ul style="list-style-type: none"> • 70% below 2010 levels by 2050
Duke Energy (March 2017)	<ul style="list-style-type: none"> • 40% below 2005 levels by 2030 	PSEG (February 2018)	<ul style="list-style-type: none"> • Additional 13 million tons of CO₂-e emissions by 2030 from 2005 levels
Entergy	<ul style="list-style-type: none"> • 20% below 2000 levels through 2020 	Puget Sound Energy (December 2017)	<ul style="list-style-type: none"> • Reduce carbon footprint 50% by 2040
Exelon # (2018)	<ul style="list-style-type: none"> • Additional 15% below 2015 levels by 2022 (operations-driven emissions) 	Southern California Edison (October 2017)	<ul style="list-style-type: none"> • 40% below 1990 levels by 2030 • 80% below 1990 levels by 2050
FirstEnergy	<ul style="list-style-type: none"> • 90% below 2005 levels by 2045 	Southern Company (April 2018)	<ul style="list-style-type: none"> • 50% below 2007 levels by 2030 • Low- to no-carbon operations by 2050
Green Mountain Power (January 2018)	<ul style="list-style-type: none"> • Eliminate >8,000 metric tons of CO₂/year for next 20 years 	TVA	<ul style="list-style-type: none"> • 60% below 2005 levels by 2020 • 75% below 2005 levels by 2030
Idaho Power (May 2017)	<ul style="list-style-type: none"> • Reduce CO₂ intensity 15%-20% below 2005 levels through 2020 	Vectren (2016)	<ul style="list-style-type: none"> • ~60% below 2005 levels by 2024
Madison Gas & Electric (November 2015)	<ul style="list-style-type: none"> • 40% below 2005 levels by 2030 • 80% below 2005 levels by 2050 	WEC Energy Group (August 2018)	<ul style="list-style-type: none"> • 40% below 2005 levels by 2030 • 80% below 2005 by 2050
Minnesota Power	<ul style="list-style-type: none"> • 30% below 2005 levels by 2025 	Xcel Energy (December 2018)	<ul style="list-style-type: none"> • 80% below 2005 levels by 2030 • Carbon-free electricity by 2050
Montana-Dakota Utilities (2017)	<ul style="list-style-type: none"> • Reduce GHG intensity 45% below 2005 levels by 2030 	<p># As of 2017, company had reduced CO₂ emissions rate to 108 lbs./MWh.</p>	
National Grid (June 2018)	<ul style="list-style-type: none"> • 45% below 1990 levels by 2020 • 70% below 1990 levels by 2030 • 80% below 1990 levels by 2050 	 14	

First and Only Investor-Driven and Sector-Specific ESG Template

EEI's ESG/Sustainability Steering Committee has identified **5 areas of focus** based on discussions with investors to include in the Version 1 Template

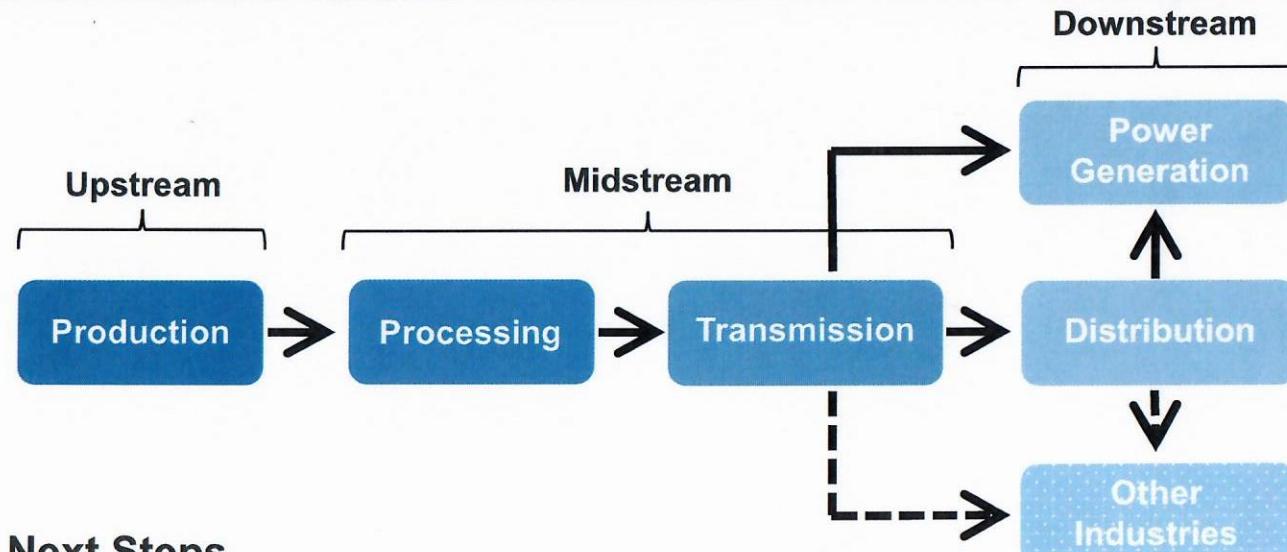
Qualitative	
ESG/Sustainability Governance	Management and oversight of ESG/Sustainability
ESG/Sustainability Strategy	Practices, programs, and initiatives designed to support the company's transition to a lower carbon and increasingly sustainable energy future
Quantitative	
Portfolio	An Excel-based data reporting template that is customized for electric companies to include metrics on owned and/or purchased generation data by technology/resource type, as well as other metrics related to capital investments, emissions, and natural and human resources
Emissions	
Resources	

Version 2 – LDC Metrics
<ul style="list-style-type: none"> EEI and AGA are currently engaging investors to seek guidance on relevant ESG metrics for LDCs. A group of AGA pilot companies are currently publishing gas LDC metrics with the Version 1 template. These LDC metrics will be fully incorporated into Version 2 to report 2018 data later this year.

Note: data for these areas should include as much historical, current, and forward-looking information as is appropriate.

Natural Gas Sustainability Initiative (NGSI)

Recognizing voluntary actions and sustainability commitments from industry leaders across the natural gas value chain



Next Steps

- Engage stakeholders
- Incorporate feedback into NGSI design

Appendix

EEI Member Company Ticker Symbols

Company Name	Ticker	Company Name	Ticker
ALLETE, Inc.	ALE	IDACORP, Inc.	IDA
Alliant Energy Corporation	LNT	MDU Resources Group, Inc.	MDU
Ameren Corporation	AEE	MGE Energy, Inc.	MGEE
American Electric Power Company, Inc.	AEP	NextEra Energy, Inc.	NEE
AVANGRID, Inc.	AGR	NiSource Inc.	NI
Avista Corporation	AVA	NorthWestern Corporation	NWE
Black Hills Corporation	BKH	OGE Energy Corp.	OGE
CenterPoint Energy, Inc.	CNP	Otter Tail Corporation	OTTR
CMS Energy Corporation	CMS	PG&E Corporation	PCG
Consolidated Edison, Inc.	ED	Pinnacle West Capital Corporation	PNW
Dominion Energy, Inc.	D	PNM Resources, Inc.	PNM
DTE Energy Company	DTE	Portland General Electric Company	POR
Duke Energy Corporation	DUK	PPL Corporation	PPL
Edison International	EIX	Public Service Enterprise Group Incorporated	PEG
El Paso Electric Company	EE	SCANA Corporation	SCG
Entergy Corporation	ETR	Sempra Energy	SRE
Evergy, Inc.	EVRG	Southern Company	SO
Eversource Energy	ES	Unitil Corporation	UTL
Exelon Corporation	EXC	Vectren Corporation	VVC
FirstEnergy Corp.	FE	WEC Energy Group, Inc.	WEC
Hawaiian Electric Industries, Inc.	HE	Xcel Energy Inc.	XEL

Richard F. McMahon, Jr.

Senior Vice President, Energy Supply & Finance

Edison Electric Institute

701 Pennsylvania Ave., NW

Washington, DC 20004

202-508-5571 (Phone)

571-314-3120 (Cell)

RMcMahon@eei.org

